



# Trade Logistics Development in CAREC Region KYRGYZSTAN

Oleg Samukhin,  
[Samukhin@MSN.com](mailto:Samukhin@MSN.com)  
tel. +7 777 234 2236

**TASHKENT, UZBEKISTAN**  
**2-4 September 2008**



## **KYRGYZSTAN in CAREC Region**

### **Transport Infrastructure**

### **Trade and Transport Flows**

### **Moving Goods Across the Borders**

### **Location of Logistics Centers**

### **General Recommendations**





## KYRGYZSTAN in CAREC Region: Economy and Population

Country	GDP (Mln USD)	GDP (% of CAREC)	Population	Population (% of CAREC)	GDP per capita (USD)
Kazakhstan	103,840	47.0%	15,422,000	13.7%	6,868
XUAR (PRC)	43,128	19.5%	19,630,000	17.4%	2,200
Azerbaijan	31,321	14.2%	8,467,000	7.5%	3,663
Uzbekistan	22,307	10.1%	27,372,000	24.3%	815
Afghanistan	8,842	4.0%	27,145,000	24.1%	323
Mongolia	3,905	1.8%	2,629,000	2.3%	1,486
<b>Kyrgyzstan</b>	<b>3,748</b>	<b>1.7%</b>	<b>5,317,000</b>	<b>4.7%</b>	<b>713</b>
Tajikistan	3,712	1.7%	6,736,000	6.0%	578
CAREC	220,803		112,718,000		1,959



## KYRGYZSTAN in CAREC Region: Ease of Doing Business

Economy	Rank	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Mongolia	52	62	43	64	18	68	19	90	168	27	115
Kazakhstan	71	57	173	22	72	48	51	44	178	28	100
China	83	135	175	86	29	84	83	168	42	20	57
<b>Kyrgyzstan</b>	<b>94</b>	<b>49</b>	<b>152</b>	<b>74</b>	<b>16</b>	<b>68</b>	<b>33</b>	<b>152</b>	<b>177</b>	<b>32</b>	<b>128</b>
Azerbaijan	96	64	159	80	56	26	107	141	173	30	75
Uzbekistan	138	54	145	67	119	170	107	159	165	48	119
Tajikistan	153	161	166	125	43	135	176	155	176	23	99
Afghanistan	159	24	141	24	169	177	178	38	174	160	178



## KYRGYZSTAN in CAREC Region: Logistics Performance Index

Rank	Country	LPI	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Domestic logistics costs	Timeliness
30	China	3.32	2.99	3.2	3.31	3.4	3.37	2.97	3.68
<b>103</b>	<b>Kyrgyzstan</b>	<b>2.35</b>	<b>2.2</b>	<b>2.06</b>	<b>2.35</b>	<b>2.35</b>	<b>2.38</b>	<b>2.8</b>	<b>2.76</b>
111	Azerbaijan	2.29	2.23	2	2.5	2	2.38	2.88	2.63
129	Uzbekistan	2.16	1.94	2	2.07	2.15	2.08	2.91	2.73
133	Kazakhstan	2.12	1.91	1.86	2.1	2.05	2.19	2.81	2.65
136	Mongolia	2.08	2	1.92	2.5	1.8	2	3	2.25
146	Tajikistan	1.93	1.91	2	2	1.9	1.67	2.33	2.11
150	Afghanistan	1.21	1.3	1.1	1.22	1.25	1	3.13	1.38



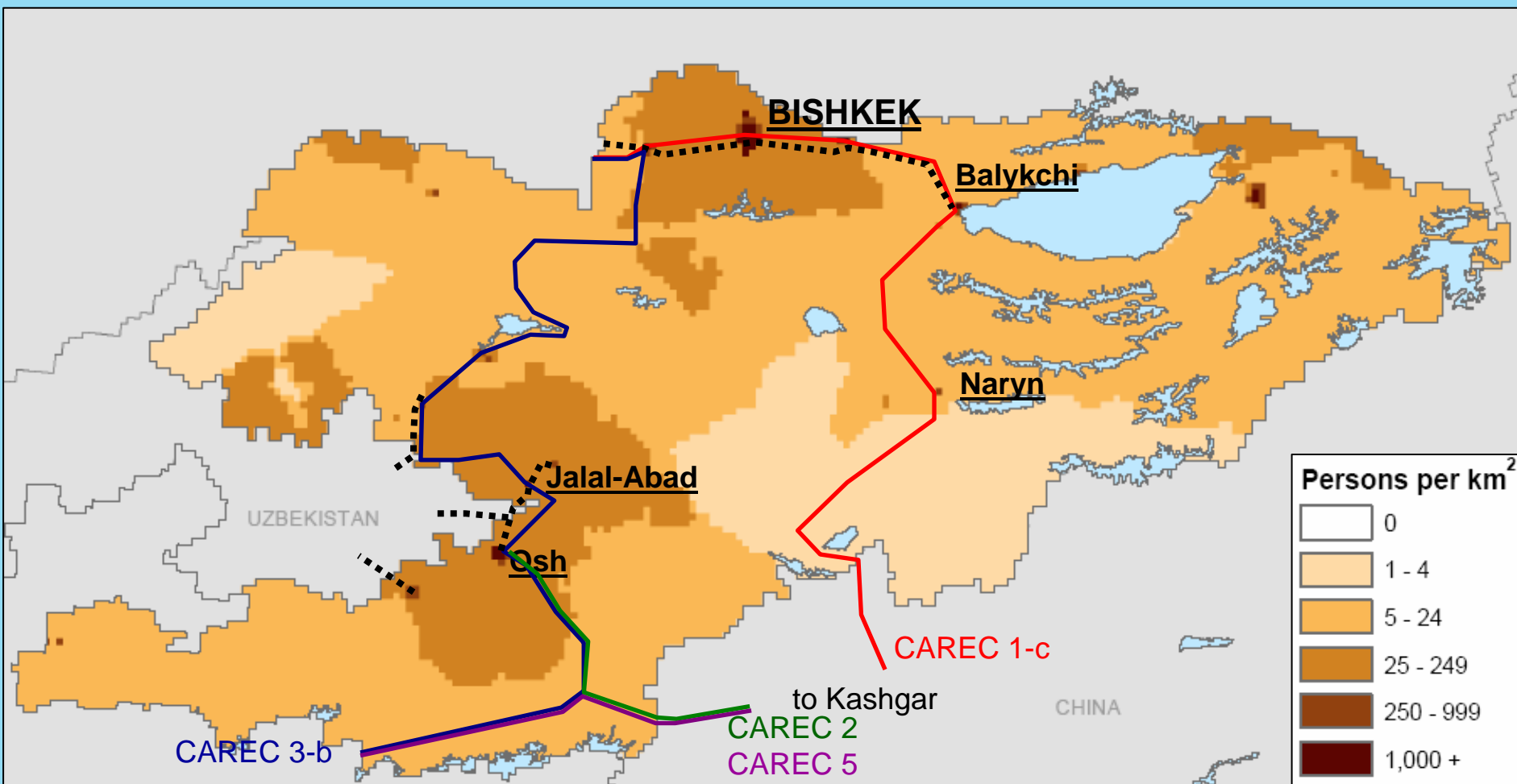


## Main Population Centers of Kyrgyzstan

City	Valley	Population
Bishkek	Chui	808,900
Osh	Fergana	221,300
Jalal-Abad	Fergana	83,400
Karakol	Issyk-Kul	62,200
Tokmak	Chui	57,000
Uzgen	Fergana	44,900
Kyzyl-Kiya	Fergana	43,700
Kara-Balta	Chui	43,600
Balykchi	Issyk-Kul	42,100
Naryn	Naryn	41,000



## Main Transport Corridors of KYRGYZSTAN





## Main Road Corridors of the Kyrgyz Republic

Transport corridors	Length (km)	Conformance to standards	
		2006	2010
Bishkek - Osh	672	71 %	100%
Bishkek - Georgievka	16	80 %	100%
Bishkek – Naryn – Torugart	539	0 %	35 %
Taraz – Talas - Suusamyr	199	12 %	100%
Osh – Sarytash – Irkeshtam	258	1 %	100%
Osh – Isfana	385	0 %	57%
Sarytash – Karamyk – Jirgital	142	0 %	100%
Karabalta – Chaldovar	31	0%	100%





## Good Roads – Bad Roads

**ADB financed road Bishkek - Osh**



**Bishkek - Naryn - Torugart**





## Main Trading Partners of Kyrgyzstan (IMF, 2005)

The Major Import Partners				The Major Export Partners			
	Partners	MIn EURO	%		Partners	MIn EURO	%
	<b>World</b>	<b>1 772</b>	<b>100.0</b>		<b>World</b>	<b>576</b>	<b>100.0</b>
1	China	766	43.2	1	United Arab Emir.	203	35.3
2	Russia	351	19.8	2	Russia	106	18.4
3	Kazakhstan	211	11.9	3	China	76	13.3
4	EU	120	6.8	4	Kazakhstan	72	12.5
5	Turkey	74	4.2	5	Uzbekistan	20	3.5
6	Korea	59	3.3	6	Tadjikistan	15	2.6
7	Uzbekistan	47	2.6	7	EU	15	2.6
8	India	35	2.0	8	Canada	15	2.5
9	Ukraine	28	1.6	9	Turkey	12	2.1
10	USA	27	1.5	10	Afghanistan	6	1.1
11	United Arab Emir.	10	0.6	11	Saudi Arabia	4	0.7
12	Iran	10	0.5	12	Ukraine	4	0.7



## Kyrgyzstan is Second Most Important Trading Partner of XUAR in Central Asia

IMPORT AND EXPORT VOLUME (Mln USD)			2003	2004	2005	2006
Total Import and Export between China and Central Asia five countries			4,075.0	5,843.3	8,726.8	12,057.9
Between XUAR and Five countries	Central Asia five countries	Total Import and Export	2,848.3	3,868.4	6,013.7	7,399.7
		Proportion of China (%)	69.9	66.2	68.9	61.4
	Kazakhstan	Total Import and Export	2,546.1	3,286.1	5,015.6	5,014.7
		Proportion of Xinjiang (%)	89.4	84.9	83.4	67.8
	Turkmenistan	Total Import and Export	24.7	3.6	13.6	43.3
		Proportion of Xinjiang (%)	0.9	0.1	0.2	0.6
	<b>Kyrgyzstan</b>	<b>Total Import and Export</b>	<b>230.9</b>	<b>462.1</b>	<b>746.9</b>	<b>1,857.3</b>
		<b>Proportion of Xinjiang (%)</b>	<b>8.1</b>	<b>12.0</b>	<b>12.4</b>	<b>25.1</b>
	Uzbekistan	Total Import and Export	37.7	85.8	138.3	266.3
		Proportion of Xinjiang (%)	1.3	2.2	2.3	3.6
	Tajikistan	Total Import and Export	8.7	30.9	99.3	218.1
		Proportion of Xinjiang (%)	0.3	0.8	1.7	2.9



## Import from Main Trading Partners (2006)

	Country	Tons	Value (USD,000)	% of total weight	Value density (USD/kg)
	<b>World</b>	<b>5,978,963</b>	<b>1,998,305</b>	<b>100%</b>	<b>0.33</b>
1	Kazakhstan	3,190,444	195,025	53.4%	0.06
2	Russia	1,241,040	646,157	20.8%	0.52
3	Uzbekistan	816,121	84,650	13.6%	0.10
4	China	422,159	247,097	7.1%	0.59
5	Turkey	35,328	39,745	0.6%	1.13
6	Ukraine	34,734	42,356	0.6%	1.22
7	Iran	26,303	8,151	0.4%	0.31
8	Korea	25,266	29,278	0.4%	1.16





## Export to Main Trading Partners (2006)

	Country	Tons	Value (USD,000)	% of total weight	Value density (USD/kg)
	<b>World</b>	<b>3,112,744</b>	<b>803,834</b>	<b>100%</b>	<b>0.26</b>
1	Uzbekistan	1,436,335	27,812	46.1%	0.02
2	Kazakhstan	879,451	163,485	28.3%	0.19
3	Russia	211,742	155,352	6.8%	0.73
4	Afghanistan	165,526	75,986	5.3%	0.46
5	China	129,199	38,930	4.2%	0.30
6	Tajikistan	98,405	22,478	3.2%	0.23
7	Iran	61,605	7,553	2.0%	0.12
8	Turkey	49,267	28,044	1.6%	0.57





## Import by Product Category (2006)

Product group	Weight (tons)	Value (USD '000)	% of total weight	Value density (USD/Kg)
<i>Total</i>	5,978,963	1,998,305	100%	0.33
Crude oil, fuels, oils	2,312,682	485,704	38.7%	0.21
Salts, sulfurs, stones, plasters, cements	1,855,180	21,242	31.0%	0.01
Ores, slag, ashes	280,420	3,630	4.7%	0.01
Grains and cereals	262,046	34,875	4.4%	0.13
Woods, wooden products, charcoals	117,504	28,497	2.0%	0.24
Sugar and confectionary products	107,112	51,796	1.8%	0.48
Fertilizers	76,302	10,872	1.3%	0.14
Fruits and nuts	74,316	12,365	1.2%	0.17
Ceramics	69,809	13,628	1.2%	0.20
Flour products, starch, barleys	54,711	9,639	0.9%	0.18
Beverages	54,696	2,607	0.9%	0.48
Ferrous metals	51,705	33,501	0.9%	0.65
Plastic products	45,434	50,274	0.8%	1.11
Non-organic chemicals	44,468	21,017	0.7%	0.47
Chemical fibers	43,886	21,390	0.7%	0.49
Metals and metal parts	39,965	33,699	0.7%	0.84
Tooling, cutlery, cookery	38,377	14,844	0.6%	0.39
Paper and cardboard products	29,605	26,067	0.5%	0.88
Fats, butters, vegetable oils	29,170	21,364	0.5%	0.73
Locomotives, rail cars, trams, spare parts	28,741	7,914	0.5%	0.28
Boilers, mechanical equipments, spare parts	28,315	175,237	0.5%	6.19



## Export by Product Category (2006)

Product group	Weight (tons)	Value (USD '000)	% of total weight	Value density (USD/Kg)
<i>Total</i>	3,112,744	803,834	100%	0.26
Salts, sulfurs, stones, plasters, cements	1,904,915	25,973	61.2%	0.01
Crude oil, fuels, oils	270,129	149,805	8.7%	0.55
Ferrous metals	172,835	9,662	5.6%	0.06
Stone, plaster, cement asbestos produce	154,538	12,333	5.0%	0.08
Ceramics	106,560	3,280	3.4%	0.03
Vegetables	87,051	24,066	2.8%	0.28
Glass and glass products	85,414	28,429	2.7%	0.33
Cotton	47,855	39,672	1.5%	0.83
Skins and leather	38,897	14,126	1.2%	0.36
Milk products, eggs, honey	37,422	20,438	1.2%	0.55
Fruits and nuts	34,,508	10,538	1.1%	0.31
Sugar and confectionary products	30,407	7,130	1.0%	0.23



## Cargo turnover by all modes of transport (Mln. ton)

Mode of transport	1990	1995	2000	2005	2006
Road	329.9	27.2	25.0	26.1	26.6
Rail	8.0	0.9	1.0	1.7	1.9
Pipeline	-	-	0.6	0.6	0.6
Land transport, total	<b>337.5</b>	<b>28.1</b>	<b>26.6</b>	<b>28.4</b>	<b>29.1</b>
Air	0.010	0.0056	0.0035	0.0014	0.0007
Water	0.646	0.035	0.035	0.026	0.035
<b>TOTAL</b>	<b>338.6</b>	<b>28.1</b>	<b>26.6</b>	<b>28.4</b>	<b>29.1</b>



## Cargo turnover by all modes of transport (Mln. Ton-km)

Mode of transport	1990	1995	2000	2005	2006
Road	5626.9	708.6	1199.9	821.2	864.0
Rail	2619.6	402.6	337.9	661.8	725.0
Pipeline			292.4	314.4	210.2
Land transport, total	8246.5	1111.2	1830.2	1797.4	1826.2
Air	371.7	94.4	55.5	42.4	34.2
Water	113.9	6.2	5.9	4.9	6.3
<b>TOTAL</b>	<b>8732.1</b>	<b>1211.8</b>	<b>1891.6</b>	<b>1844.7</b>	<b>1866.7</b>



## Kyrgyz Road Carriers are Very Active in the International Transportation Market

The Number of TIR Carnets issued by IRU to the National Road Associations

Country	2000	2001	2002	2003	2004	2005
<b>Kyrgyzstan</b>	<b>100</b>	<b>550</b>	<b>1,250</b>	<b>2,700</b>	<b>4,900</b>	<b>6,250</b>
Russia	236,800	192,800	263,700	313,550	375,650	424,000
Kazakhstan	10,400	9,100	6,400	17,400	17,000	19,600
Uzbekistan	900	600	500	900	2,400	1,800
Tajikistan					0	50

**Currently Kyrgyz carriers have:**  
**1400 road vehicles with TIR Carnet, including**  
**856 road vehicles for transportation of perishable goods**





## Kyrgyz Road Vehicles





## Road traffic through main Cross Border Points (CBP)

Cross Border Point	Country	2005	2006	Increase (%)
Ak-Zhol	Kazakhstan	3,091	3,589	16%
Chaldovar	Kazakhstan	598	610	2%
Torugart	PRC	5,471	11,772	115%
Irkeshtam	PRC	4,453	5,850	31%

**Road traffic through main CBP with Uzbekistan and Tajikistan is considerably lower, due to trade and traffic restriction on the Uzbek side and adversarial terrain between Kyrgyzstan and Tajikistan**



## Comparison of Kazakh and Kyrgyz CBP with PRC

CBP name	Horgos*	Alashankou	Turugart	Irkeshtam
Exports and imports of cargo (ton)	432,037	13,240,835 (Railway – 3,112,614, road – 128,221)	328,825	322,300
Imports (ton)	39,129	9,981,686 (Railway – 9,980,511, road – 1,175)	54,418	52,100
General exports (ton)	290,012	3,259,149 (Railway – 3,132,103, road – 127,046)	274407	270,200
Total trade volume (Mln USD)	1,095.6	4,500	432.0	545.0
Imports (Mln USD)	64.2	3,151	41.5	33.0
General exports (Mln USD)	965.4	1,349	390.5	512.0

\*Total trade volume for Horgos includes tour shopping (41.33 Mln USD) and border trade (24.7 mln USD)





## International BCP Korday – Ak-Jol

### Korday



Dairy products, 4-5 trucks per day

Queues due to heavy passenger traffic

Single window control

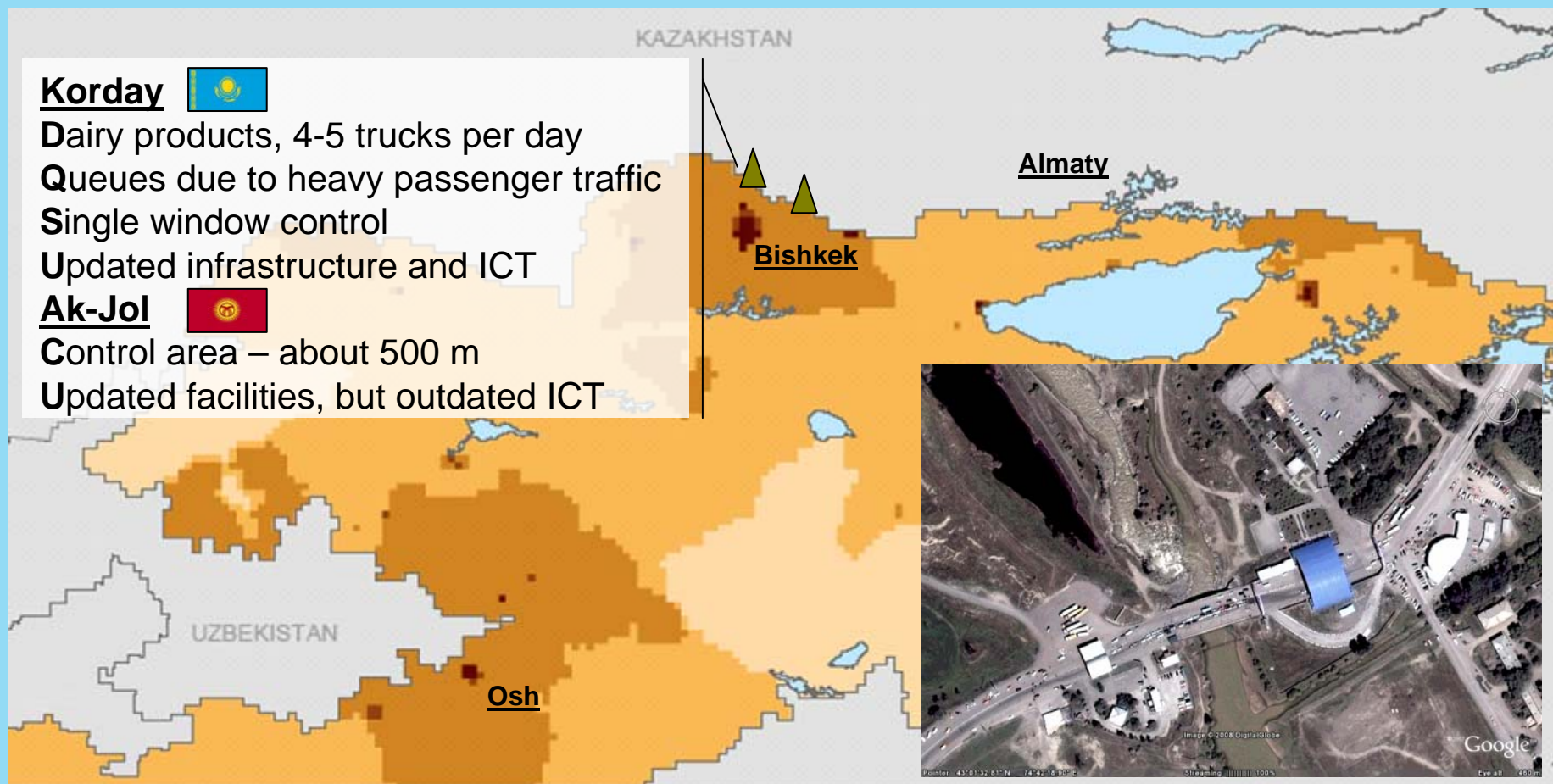
Updated infrastructure and ICT

### Ak-Jol



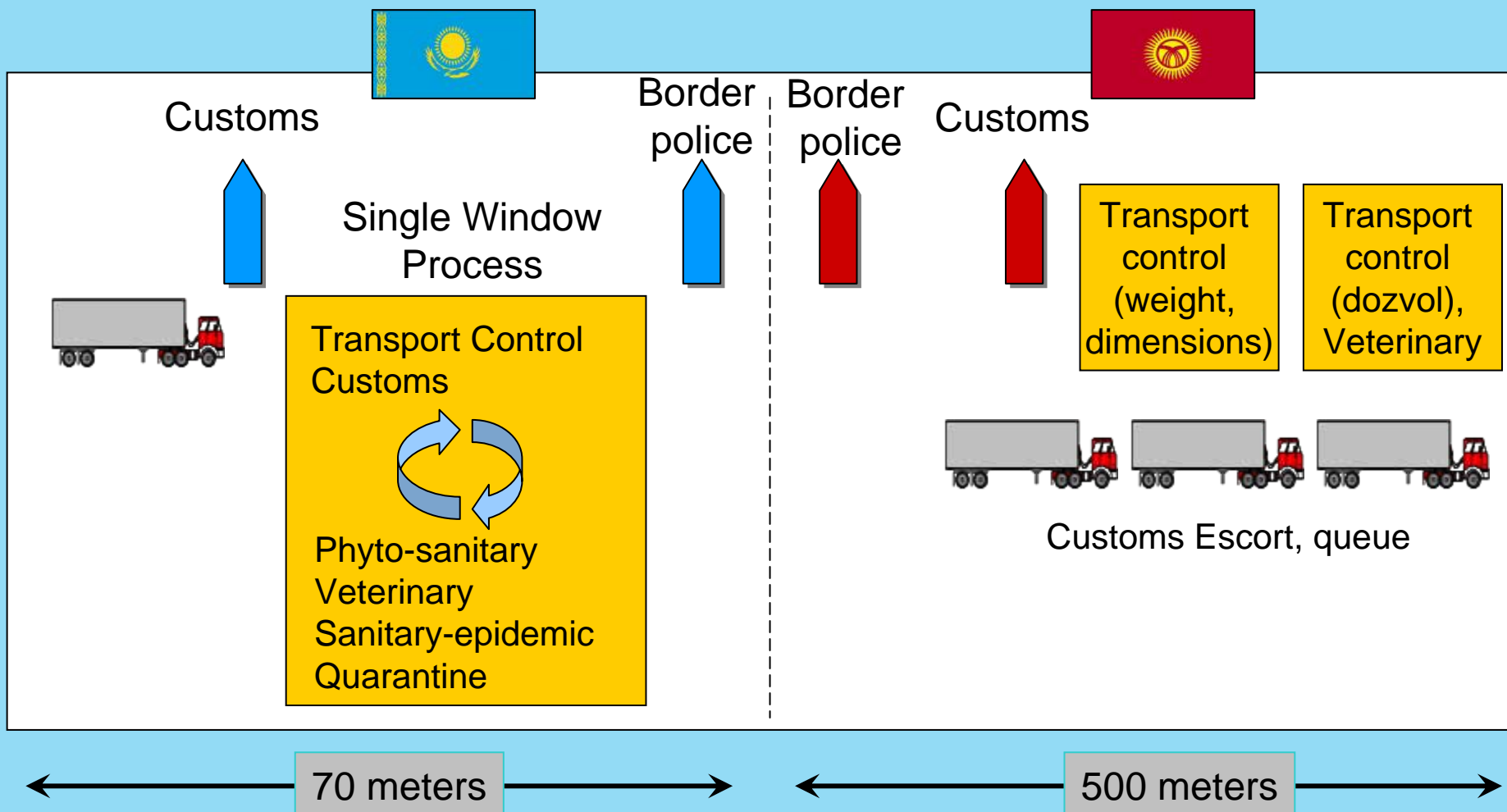
Control area – about 500 m

Updated facilities, but outdated ICT





## Korday (KZ) – Ak-Jol (KG)







## Recommendations for Kyrgyz CBPs

- Bring all cross-border authorities under one management (i.e. Customs) and implement Single Window concept
- Maintain uninterrupted flow of vehicles (24x7 operation), separate passenger and cargo flow to reduce queues and delays. Manage queues and promote queuing culture
- Implement Fast Track corridor for vehicles with perishable goods and TIR vehicles in Korday – Ak-Jol, redirect all other vehicles to Karasu – Ak-Tilek
- Increase capacity of CBP Ak-Jol, Torugart: additional lanes, wider or second bridge in Ak-Jol, additional staffing for peak hours
- Implement electronic seals to replace customs escort in Kyrgyzstan
- Implement performance management principles and feedback systems: establish targets for waiting and processing times, establish hot lines for poor performance reporting by passengers and carriers
- Install Non-Intrusive Inspection systems on key cross-border points (1 NII per CBP)
- Implement safe-packets in Kyrgyzstan to reduce beyond-the-border delays



## Logistics Infrastructure: Inland Container Depot in Alamedin Railway Station





## Location of Main Logistics Centers of Kyrgyzstan





## Logistics Centers and Functionality

Priority	Logistics depots	Rationale for establishment	Main functions of logistics depots
1	Bishkek	<ul style="list-style-type: none"> <li>Capital city with 18% of the country population (Bishkek area and Chui oblast account for 33% of population)</li> <li>Close to the key CBPs with Kazakhstan (Ak-Tilek, Ak-Zhol)</li> <li>Dordoi wholesale market</li> <li>International airport Manas</li> </ul>	<ul style="list-style-type: none"> <li>Trade and support of trade</li> <li>Inland Container Depots (ICD) and intermodal operations</li> <li>Import/export clearance</li> <li>Storage and bonded storage (esp. for goods from PRC)</li> </ul>
2	Kara-Suu	<ul style="list-style-type: none"> <li>Close location to the largest city in the Southern Kyrgyzstan – Osh</li> <li>Three-directional rail link to Osh, Jalal-Abad and Uzbek railway network</li> <li>Kara-Suu wholesale market</li> <li>Highly volume of agricultural production in Fergana valley (both Kyrgyz and Uzbek sides)</li> </ul>	<ul style="list-style-type: none"> <li>Trade and support of trade</li> <li>Agricultural marketing and logistics centers</li> <li>Inland Container Depots (ICD) and intermodal operations</li> <li>Import/export clearance</li> <li>Storage and bonded storage (esp. for goods from PRC)</li> </ul>
2	Osh	<ul style="list-style-type: none"> <li>Key city of the Southern Kyrgyzstan</li> <li>Highly volume of agricultural production in Fergana valley (both Kyrgyz and Uzbek sides)</li> <li>Osh International airport</li> <li>Terminal railway station of the southern branch of Kyrgyz rail network</li> </ul>	<ul style="list-style-type: none"> <li>Inland Container Depots (ICD) and intermodal operations</li> <li>Agricultural marketing and logistics centers</li> <li>Import/export clearance</li> <li>Storage and bonded storage (esp. for goods from PRC)</li> </ul>





## Logistics Centers and Functionality

Priority	Logistics depots	Rationale for establishment	Main functions of logistics depots
2	Balykchi	<ul style="list-style-type: none"> <li>• Gateway to Issyk-Kul tourist area</li> <li>• Terminal railway station of the northern branch of Kyrgyz rail network</li> <li>• Gateway to the mineral resources of South-Eastern Kyrgyzstan</li> <li>• Lake port</li> <li>• Established as large transportation center during Soviet era, with good potential for further expansion and development</li> </ul>	<ul style="list-style-type: none"> <li>• Inland Container Depots (ICD) and intermodal operations</li> <li>• Storage and bonded storage (esp. for goods from PRC)</li> <li>• Import/export clearance</li> <li>• Trade and support of trade</li> <li>• Agricultural marketing and logistics centers</li> </ul>
2	Jalal-Abad	<ul style="list-style-type: none"> <li>• Third largest city in Kyrgyzstan</li> <li>• Highly volume of agricultural production in Fergana valley (both Kyrgyz and Uzbek sides)</li> <li>• One of key railway stations in the southern branch of Kyrgyz rail network</li> </ul>	<ul style="list-style-type: none"> <li>• Inland Container Depots (ICD) and intermodal operations</li> <li>• Import/export clearance</li> <li>• Storage and bonded storage (esp. for goods from PRC)</li> <li>• Agricultural marketing and logistics centers</li> </ul>





## Logistics Centers and Functionality

Priority	Logistics depots	Rationale for establishment	Main functions of logistics depots
3	At-Bashi (Torugart)	<ul style="list-style-type: none"> <li>• Key cross-border point with PRC</li> <li>• Intended to reduce vehicle axle load and reduce destruction of Kyrgyz roads</li> </ul>	<ul style="list-style-type: none"> <li>• Import/export clearance</li> <li>• Storage and bonded storage (esp. for goods from PRC)</li> <li>• Border trade</li> <li>• Transloading operations</li> </ul>
3	Sary-Tash (Irkeshtam)	<ul style="list-style-type: none"> <li>• Key cross-border point with PRC</li> <li>• Intended to reduce vehicle axle load and reduce destruction of Kyrgyz roads</li> </ul>	<ul style="list-style-type: none"> <li>• Import/export clearance</li> <li>• Storage and bonded storage (esp. for goods from PRC)</li> <li>• Border trade</li> <li>• Transloading operations</li> </ul>
3	Kyzyl-Kiya	<ul style="list-style-type: none"> <li>• Highly volume of agricultural production in Fergana valley (both Kyrgyz and Uzbek sides)</li> <li>• Terminal railway station of the southern branch of Kyrgyz rail network</li> </ul>	<ul style="list-style-type: none"> <li>• Agricultural marketing and logistics centers</li> <li>• Inland Container Depots (ICD) and intermodal operations</li> </ul>



## General Recommendations

Trade Facilitation, Public Projects			
#	Recommendation	Stakeholder	Priority
TF.1	Weight certification	MTC, MEDT	High
TF.2	Cross-border process management	MEDT, Customs	High
TF.3	Improvement of customs guarantee system	MEDT, Customs	Moderate
TF.4	Development of specifications for cross-border infrastructure	Customs	High
TF.5	Customs cooperation program	Customs	High
TF.6	Integrated Information System for International Trade	MEDT, Customs, MTC, Border Police	High
TF.7	Promotion of Kyrgyzstan in PRC	MEDT	Moderate
TF.8	Deployment of safe packets	Customs, MTC	High



## General Recommendations

Trade Facilitation, PSP/PPP			
#	Recommendation	Stakeholder	Priority
TF.9	Strengthening product certification capability	MEDT	Moderate
TF.10	Road maintenance support	MTC	High
TF.11	Process management education for public servants and private organizations. ISO 9000	MEDT	Moderate.
TF.12	CKD production in FTZ	MEDT	Low
TF.13	Logistics training and development	MEDT	Moderate
TF.14	Investment support program for development of logistics centers	MEDT	Moderate



## Transport/Logistics Infrastructure development, Public Investments

#	Recommendation	Stakeholders	Priority
IP.1	Cross-border infrastructure development	Customs	High
IP.2	Construction of Kashgar – Kara-Suu rail link	MTC, MEDT	High
IP.3	Construction of Kara-Keche – Balykchi rail link	MTC, MEDT	Moderate.
IP.4	Rehabilitation of Kashgar – Irkeshtam – Osh road	MTC, MEDT	High
IP.5	Rehabilitation of Kashgar – Torugart – Balykchi – Bishkek road	MTC, MEDT	High
IP.6	Assessment of Jalal-Abad – Suusamyr – Balykchi road	MTC	Low
IP.7	Railway electrification	Rail, MTC	Moderate
IP.8	Improvement of in-transit service capability in airport Manas	MTC, Manas	Moderate
IP.9	Road rehabilitation: Osh-Isfana, Taraz-Talas-Suusamyr, Issyk-Kul Circular Road	MTC, MEDT	Moderate to High



## General Recommendations

Transport/Logistics Infrastructure development, PSP/PPP			
#	Recommendation	Stakeholders	Priority
IP.10	Development of At-Bashi logistics terminal	MEDT, MTC, Customs, Naryn FTZ	High
IP.11	Development of Sary-Tash logistics terminal	MEDT, MTC, Customs	Moderate.
IP.12	Development of Balykchi multimodal hub	MTC, MEDT, Rail	Moderate.
IP.13	Development of Alamedin multimodal hub	MTC, MEDT, Rail	High
IP.14	Development of Osh container yard	MTC, MEDT, Rail	High
IP.15	Development of Kara-Suu multimodal hub	MTC, MEDT, Rail, Customs	High
IP.16	Agribusiness marketing and logistics centers	MEDT, MA	High





## **KYRGYZSTAN in CAREC Region**

### **Transport Infrastructure**

### **Trade and Transport Flows**

### **Moving Goods Across the Borders**

### **Location of Logistics Centers**

### **General Recommendations**





# Trade Logistics Development in CAREC Region KYRGYZSTAN

Oleg Samukhin,  
[Samukhin@MSN.com](mailto:Samukhin@MSN.com)  
tel. +7 777 234 2236

**TASHKENT, UZBEKISTAN**  
**2-4 September 2008**